

**MINUTES OF THE
PRIVATELY OWNED HEALTH CARE ORGANIZATION TASK FORCE**

Thursday, June 9, 2005 – 1:00 p.m. – Room W135 House Building

Members Present:

Sen. Michael G. Waddoups, Senate Chair
Rep. David Clark, House Chair
Sen. Gene Davis
Sen. Mark B. Madsen
Sen. Ed Mayne
Rep. Jackie Biskupski
Rep. Stephen D. Clark
Speaker Greg J. Curtis
Rep. James A. Dunnigan
Rep. Patricia W. Jones
Rep. Bradley G. Last
Rep. Rebecca D. Lockhart

Members Absent:

Sen. John W. "Bill" Hickman
Sen. Peter C. Knudson
Rep. Brad L. Dee

Staff Present:

Ms. Constance C. Steffen, Policy Analyst
Ms. Catherine J. Dupont, Associate General Counsel
Ms. Patricia Owen, Associate General Counsel
Ms. Joy L. Miller, Legislative Secretary

Note: A list of others present and a copy of related materials can be found at www.leg.utah.gov or by contacting the task force secretary, Joy Miller, at 538-1032. A recording of the meeting may also be available from the task force secretary.

1. Task Force Business

Chair Clark called the meeting to order at 1:10 p.m. Sen. Hickman, Sen. Knudson, and Rep. Dee were excused from the meeting.

MOTION: Rep. Biskupski moved to approve the minutes of the May 26, 2005 meeting. The motion passed unanimously with Rep. S. Clark absent for the vote.

Future meetings of the Task Force were scheduled for June 22 at 9:00 a.m., July 7 at 9:00 a.m., July 21 at 1:00 p.m., and August 25 at 1:00 p.m.

2. Study Priorities

Ms. Judi Hilman, Utah Issues, distributed "IHC Task Force Statement." She pointed out that IHC (Intermountain Health Care) has been a critical part of the health care safety net for uninsured and underinsured Utahns. Ms. Hilman asked that the Task Force look for concrete solutions to the growing problem of uninsured and rising health care costs. She also requested that the Task Force study how to achieve larger risk pools to spread the risks and thereby lower health care costs.

Mr. Kent Michie, Utah Insurance Department, briefly discussed the task force established by Governor Huntsman to address the issue of health care insurance for the uninsured in Utah. He noted that the uninsured represent 10.2 percent of the population of the state.

Dr. Joseph Jarvis, President, Utah Health Alliance, distributed a written copy of his comments. Dr. Jarvis noted that it would be a mistake to ignore the positive impact that IHC has had on the health and health care of Utah citizens. He asserted that investor-owned facilities are inferior in delivering high quality services at a reasonable cost.

Mr. Larry Hancock, IASIS Healthcare, distributed a summary of IASIS Healthcare in Utah and nationally. He stated they are small in comparison to their competitors. They own 14 hospitals nationwide, four of them in Utah. In 2004, IASIS provided \$28 million in uncompensated care. In that same year, the four Utah facilities paid \$3.4 million in property and sales taxes.

Ms. Steffen distributed "Study Item Prioritization" and discussed potential study items as outlined in S.B. 61, "Privately Owned Health Care Organization Task Force." She discussed possible study strategies which include reviewing economic principles of markets and competition and how they apply to health care, considering federal and state antitrust laws, and determining whether to hire consultants to perform certain functions.

Ms. Owen discussed the potential study items relating to the tax exempt status of nonprofit health care organizations and the statutory definition of charity care. She pointed out that income tax and sales and use taxes are not constitutionally based so there is some flexibility in how they are set. Property taxes are subject to a constitutional framework. She indicated that the Task Force could review federal and state law, including case law, defining charitable care.

Ms. Dupont reviewed several of the study items. Possible strategies include addressing some of the business practices of dominant providers in the market, discussing federal law governing conflicts of interest in the health care industry, and studying market impacts of specialty hospitals.

3. Organization of Intermountain Health Care, Inc.

Mr. Doug Hammer, IHC, distributed "IHC Briefing Book, June 9, 2005." He reviewed the organizational structure of IHC. The IHC Board of Trustees is responsible for setting policy and direction. He reviewed the tax status of IHC and noted that where properties are used for hospital purposes, they are exempt from property taxes. IHC pays property taxes on those properties that do not meet State Tax Commission standards. Mr. Hammer gave a summary of major distinctions between nonprofit and for-profit hospitals. He reviewed the State Tax Commission's nonprofit hospital and nursing home charitable property tax exemption standards. These standards are more exacting than any other set of standards in the United States for a charitable hospital property tax exemption.

Mr. Greg Poulson, IHC, stated that one-half of its revenues come from the insured population. The remaining comes from other sources - forty-three percent from the government and seven percent from the uninsured.

Members of the Task Force requested that IHC provide the following information:

- All real estate owned or leased, including any properties owned or leased by subgroups
- Corporate salaries and salary ranges for all classes of employees
- IHC financial statements, income statements, and balance sheets for the last few years
- Location of IHC cash reserves - geographic location and banking institution
- Statistics on bankruptcies and people receiving charitable care

- Method by which IHC does internal hiring within groups
- How does IHC decide how many doctors need to be employed

4. 2004 Health Insurance Market Report

The item was postponed until the June 22 meeting.

MOTION: Rep. S. Clark moved to adjourn the meeting. The motion passed unanimously.

Chair Clark adjourned the meeting at 5:05 p.m.